Message Text

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PAGE 01 OTTAWA 00845 202348Z ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 SOE-02 AID-05 CEA-01 COME-00 EB-08 DOE-11 H-02 INR-10 INT-05 L-03 OMB-01 PM-05 OES-07 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-02 DOEE-00 /111 W

-----103644 202356Z /65

O 202346Z FEB 78

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC NIACT IMMEDIATE 6373

INFO AMCONSUL MONTREAL

AMCONSUL CALGARY

AMCONSUL HALIFAX

AMCONSUL QUEBEC

AMCONSUL TORONTO

AMCONSUL VANCOUVER

AMCONSUL WINNIPEG

UNCLAS OTTAWA 00845

DEPARTMENT FOR JOHN ROUSE, EUR/CAN

DEPARTMENT PASS DOE/FERC FOR COMMISSIONER SMITH AND JOHN ADGER, AND DOE FOR LES GOLDMAN AND ASSISTANT SECRETARY BERGOLD.

E.O. 11652: N/A

TAGS: ENRG, PGOV, SENV, CA

SUBJECT: NORTHERN GAS PIPELINE: ENERGY MINES AND

RESOURCES (EMR) MINISTER COMMENTS ON NATIONAL ENERGY BOARD

(NEB) PIPE SIZE AND PRESSURE RECOMMENDATIONS

REF: OTTAWA 843

1. EMR MINISTER ALASTAIR GILLESPIE TABLED NEB REPORT ON PIPE SIZE (SUMMARIZED REFTEL) IN HOUSE OF COMMONS AFTERNOON UNCLASSIFIED

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FEBRUARY 20. HIS PRESENTATION COVERED MAIN POINTS OF NEB REPORT AND ARGUED FORCEFULLY THAT PIPELINE WAS IN CANADIAN NATIONAL INTEREST.

2. GILLESPIE LAID PARTICULAR EMPHASIS ON POINT THAT PIPE-LINE WILL BENEFIT CANADA BECAUSE, WHEN CONNECTED TO DEMPSTER LATERAL, IT WOULD BRING WESTERN ARCTIC GAS TO CANADIAN MAR- KETS BY MID-1980'S. GILLESPIE SAID OPPOSITION STATEMENTS THAT CANADA DOES NOT NEED WESTERN ARCTIC GAS BECAUSE IT HAS SUFFICIENT QUANTITIES IN ALBERTA IGNORE FACT THAT "GAS BUBBLE" REPRESENTS SHORT-TERM PRODUCIBILITY INCREASES, NOT GROWTH IN LONG-TERM RESERVES. CANADA MUST PROTECT ITSELF FROM IMPENDING WORLD OIL SUPPLY CRUNCH BY DEVELOPING ALL ITS ALTERNATIVE DOMESTIC ENERGY SUPPLIES. WESTERN ARCTIC GAS RESERVES, GILLESPIE SAID, ARE CRITICAL IN THIS REGARD AND ONLY WAY TO GET THEM TO MARKET ECONOMICALLY IS VIA DEMPSTER LATERAL PROVIDED FOR IN U.S.-CANADA PIPELINE AGREEMENT.

- 3. NOTING THAT 56-INCH/1080 PSI SYSTEM RECOMMENDED BY NEB WAS NOT CONTEMPLATED AT TIME OF NEGOTIATIONS AND THEREFORE NOT INCLUDED IN TECHNOLOGIES DISCUSSED IN ANNEX III OF AGREEMENT, GILLESPIE SAID AGREEMENT SHOULD BE AMENDED BY EXCHANGE OF DIPLOMATIC NOTES. SINCE PIPELINE LEGISLATION WILL ENACT AGREEMENT, BILL C-25 WILL ALSO HAVE TO BE AMENDED TO INCLUDE THIS CHANGE. GILLESPIE DID NOT COMMENT ON HOW U.S. CONGRESS WOULD DEAL WITH THESE CHANGES.
- 4. EMBASSY WILL CABLE APPROPRIATE QUOTES FROM GILLESPIE'S REMARKS SOONEST. ENDERS

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Subject: NORTHERN GAS PIPELINE: ENERGY MINES AND RESOURCES (EMR) MINISTER COMMENTS ON NATIONAL ENERGY BOARD (NEB)

PIPÉ SIZE AND PRESSURE RECOMMENDATIONS TAGS: ENRG, PGOV, SENV, CA, (GILLESPIE, ALASTAIR)

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